

DEPARTMENT OF TRANSPORTATION - District 4 Toll Bridge Program

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July 23, 2009

Contract No. 04-0120F4

04-SF-80-13.2 / 13.9

Self-Anchored Suspension Bridge

Letter No. 05.03.01-004730

Michael Flowers

Project Executive

American Bridge/Fluor, A JV

375 Burma Road

Oakland, CA 94607

Dear Michael Flowers,

CCO 77 Payments

This letter is issued in response to ABF-CAL-LTR-000966 and ABF-CAL-LTR-000976, dated July 7, 2009 and July 10, 2009, respectively. Neither letter completely addresses Department comments issued in State Letters 05.03.08-000017 and 05.03.08-000018.

There still lacks a clear explanation as to why ABF is billing ZPMC's green tag inspectors differently than ABF's green tag inspectors. The table below compares ABF's original estimate for CCO 77 with its current billing practice:

Cat.	Description	ABF 8/21/08 Estimate (RFCO No. 37)	ABF Invoices
1A	Data Processing & Input by Local Consultants	10 Sense	10 Sense
1B	Data Processing & Input by Fabricator (ZPMC)	20 ZPMC	15 ZPMC (per "new" agreement)
2	Data Collection & Green Tagging Inspectors	10 ABF + 25 ZPMC (1 st yr) 5 ABF + 15 ZPMC (2 nd yr)	30-38 ABF
3	Contractor Inspectors and Oversight Personnel	7 ABF	10-12BF

- **Category 1B:** Per ABF's invoices, ZPMC is only billing through Category 1B for green tag inspectors. According to ABF-CAL-LTR-000976, there was "*a recent meeting between the Department, ABFJV and ZPMC,*" whereby "*ABFJV agreed to reduce the 22 man-months invoiced to 15 man-months*" for Category 1B." Please note that the Department is not aware of being present at such a meeting.
- **Category 2:** There is a significant discrepancy between ABF's estimate and what is being billed. Please outline the specific scope that the ABF inspectors are working on in relation to the CCO, and why the proportion of ABF to ZPMC inspectors is so much higher than originally planned.

In addition, the statement, *"The procedure is as follows: just prior to shipping the QA manager will confirm that all required documentation is located in the Database, by signing the QA Approval Request Forms,"* is not the process required by CCO 77. Documentation verification should be completed prior to Green Tag acceptance. The process was modified by ABF due to the delay in completing a functional database.

The Department will require sufficient time prior to shipping to confirm that the information in the database is complete. As stated in State Letter 05.03.08-000017, if the documentation for a component is not completed within the month after which it is green tagged, thereby preventing the Department from verifying the information in the database, then no payment for that portion of the work will be made.

Department Representatives met with ABF staff in China on June 18, 2009, to discuss the issues brought up in our previous letters. It was agreed that a lump sum proposal would be a good step forward, and that ABF would present a proposal by the July 15 target date for getting OBG Lifts 1-4 into the database. The Department has not received a re-submittal of the March invoice as stated in ABF-CAL-LTR-000976, nor have we received any corrections to the April invoice. The Department awaits your response prior to making any further payments.

Sincerely,



GARY PURSELL
Resident Engineer

cc: Rick Morrow
Peter Siegenthaler
Doug Coe
Jason Tom

File: 05.03.01, 49.077